



Poway Unified School District

Calculation of Impact to Property Owners

**From the Proposed CAB
Restructuring Bonds**

September 26, 2014



At the Governing Board meeting on September 15, 2014, a tremendous amount of dialogue occurred regarding "Net Present Value" as it relates to the CAB Restructuring Program being proposed by Dale Scott & Company.

In particular, the discussion centered on the net present value of additional property taxes associated with refunding a portion of the existing Series B Capital Appreciation Bonds of School Facilities Improvement District ("SFID") No. 2007-1 with Current Interest Bonds.



To calculate the net present value, it is essential to (i) have the cash flow and (ii) identify the discount rate. The cash flow consists of the expected tax rate increase/decrease as provided by Dale Scott & Associates, as well as the average assessed value of single family homes within the boundaries of the SFID.

The average assessed value was obtained from CalMuni during the process of refunding Series B Bonds of SFID No.2002-1. As for the discount rate, it should equal the rate of return on an investment.



If the net present value is positive, the CAB Restructuring Program is an ultimate cost to a property owner.

Conversely, a negative number illustrates a benefit or savings to the property owner.



Assuming a 20% Pro-Rata Reduction

Year	Average AV for Single Family Home ^[1]	Average Tax Rate Increase/Decrease from Presentation ^[2]	Estimated Annual Increase/Decrease Property Tax	Estimated Discount Rate ^[3]	Net Present Value Estimated Annual Increase/Decrease Property Tax
1	\$409,000	\$0.00012320	\$50.39	1.00	\$50.39
2	\$417,180	\$0.00012320	\$51.40	1.04	\$49.42
3	\$425,524	\$0.00012320	\$52.42	1.08	\$48.47
4	\$434,034	\$0.00012320	\$53.47	1.12	\$47.54
5	\$442,715	\$0.00012320	\$54.54	1.17	\$46.62
6	\$451,569	\$0.00012320	\$55.63	1.22	\$45.73
7	\$460,600	\$0.00012320	\$56.75	1.27	\$44.85
8	\$469,812	\$0.00012320	\$57.88	1.32	\$43.98
9	\$479,209	\$0.00012320	\$59.04	1.37	\$43.14
10	\$488,793	\$0.00012320	\$60.22	1.42	\$42.31
11	\$498,569	\$0.00012320	\$61.42	1.48	\$41.50
12	\$508,540	\$0.00012320	\$62.65	1.54	\$40.70
13	\$518,711	\$0.00012320	\$63.91	1.60	\$39.91
14	\$529,085	\$0.00012320	\$65.18	1.67	\$39.15
15	\$539,667	\$0.00012320	\$66.49	1.73	\$38.39
16	\$550,460	\$0.00012320	\$67.82	1.80	\$37.66
17	\$561,469	\$0.00012320	\$69.17	1.87	\$36.93
18	\$572,699	\$0.00012320	\$70.56	1.95	\$36.22
19	\$584,153	-\$0.00012850	-\$75.06	2.03	-\$37.05
20	\$595,836	-\$0.00012850	-\$76.56	2.11	-\$36.34
21	\$607,752	-\$0.00012850	-\$78.10	2.19	-\$35.64
22	\$619,908	-\$0.00012850	-\$79.66	2.28	-\$34.96
23	\$632,306	-\$0.00012850	-\$81.25	2.37	-\$34.28
24	\$644,952	-\$0.00012850	-\$82.88	2.46	-\$33.63
25	\$657,851	-\$0.00012850	-\$84.53	2.56	-\$32.98
26	\$671,008	-\$0.00012850	-\$86.22	2.67	-\$32.34
27	\$684,428	-\$0.00012850	-\$87.95	2.77	-\$31.72
28	\$698,117	-\$0.00012850	-\$89.71	2.88	-\$31.11
29	\$712,079	-\$0.00012850	-\$91.50	3.00	-\$30.51
30	\$726,320	-\$0.00012850	-\$93.33	3.12	-\$29.93
31	\$740,847	-\$0.00012850	-\$95.20	3.24	-\$29.35
32	\$755,664	-\$0.00012850	-\$97.10	3.37	-\$28.79
33	\$770,777	-\$0.00012850	-\$99.04	3.51	-\$28.23
34	\$786,193	-\$0.00012850	-\$101.03	3.65	-\$27.69
35	\$801,916	-\$0.00012850	-\$103.05	3.79	-\$27.16
36	\$817,955	-\$0.00012850	-\$105.11	3.95	-\$26.64
37	\$834,314	-\$0.00012850	-\$107.21	4.10	-\$26.12

[1] Assumes an inflator of 2% under Proposition 13.

[2] Rate is per \$1 of Assessed Value (Tax Rate divided by \$100,000)

[3] Assumes a Discount Rate of 4.00%.



Assuming a 20% Pro-Rata Reduction

Aggregate Summary Table of Property Tax

Benefit/Detriment to Existing Homeowner	Aggregate Nominal Dollar Amount	Aggregate Net Present Value Dollar Amount
Increase/Decrease in Property Tax for Homeowner of 5 Years	\$262.23	\$242.44
Increase/Decrease in Property Tax for Homeowner of 10 Years	\$551.74	\$462.44
Increase/Decrease in Property Tax for Homeowner of 18 Years	\$1,078.94	\$772.91
Increase/Decrease in Property Tax for Homeowner of 30 Years	\$72.18	\$372.40
Increase/Decrease in Property Tax for Homeowner of 31 Years	-\$23.02	\$343.05
Increase/Decrease in Property Tax for Homeowner of 37 Years	-\$635.55	\$178.42



Assuming a 10% Pro-Rata Reduction

Year	Average AV for Single Family Home [1]	Average Tax Rate Increase/Decrease from Presentation [2]	Estimated Annual Increase/Decrease Property Tax	Estimated Discount Rate[3]	Net Present Value Estimated Annual Increase/Decrease Property Tax
1	\$409,000	\$0.00006160	\$25.19	1.00	\$25.19
2	\$417,180	\$0.00006160	\$25.70	1.04	\$24.71
3	\$425,524	\$0.00006160	\$26.21	1.08	\$24.23
4	\$434,034	\$0.00006160	\$26.74	1.12	\$23.77
5	\$442,715	\$0.00006160	\$27.27	1.17	\$23.31
6	\$451,569	\$0.00006160	\$27.82	1.22	\$22.86
7	\$460,600	\$0.00006160	\$28.37	1.27	\$22.42
8	\$469,812	\$0.00006160	\$28.94	1.32	\$21.99
9	\$479,209	\$0.00006160	\$29.52	1.37	\$21.57
10	\$488,793	\$0.00006160	\$30.11	1.42	\$21.15
11	\$498,569	\$0.00006160	\$30.71	1.48	\$20.75
12	\$508,540	\$0.00006160	\$31.33	1.54	\$20.35
13	\$518,711	\$0.00006160	\$31.95	1.60	\$19.96
14	\$529,085	\$0.00006160	\$32.59	1.67	\$19.57
15	\$539,667	\$0.00006160	\$33.24	1.73	\$19.20
16	\$550,460	\$0.00006160	\$33.91	1.80	\$18.83
17	\$561,469	\$0.00006160	\$34.59	1.87	\$18.47
18	\$572,699	\$0.00006160	\$35.28	1.95	\$18.11
19	\$584,153	-\$0.00006425	-\$37.53	2.03	-\$18.53
20	\$595,836	-\$0.00006425	-\$38.28	2.11	-\$18.17
21	\$607,752	-\$0.00006425	-\$39.05	2.19	-\$17.82
22	\$619,908	-\$0.00006425	-\$39.83	2.28	-\$17.48
23	\$632,306	-\$0.00006425	-\$40.63	2.37	-\$17.14
24	\$644,952	-\$0.00006425	-\$41.44	2.46	-\$16.81
25	\$657,851	-\$0.00006425	-\$42.27	2.56	-\$16.49
26	\$671,008	-\$0.00006425	-\$43.11	2.67	-\$16.17
27	\$684,428	-\$0.00006425	-\$43.97	2.77	-\$15.86
28	\$698,117	-\$0.00006425	-\$44.85	2.88	-\$15.56
29	\$712,079	-\$0.00006425	-\$45.75	3.00	-\$15.26
30	\$726,320	-\$0.00006425	-\$46.67	3.12	-\$14.96
31	\$740,847	-\$0.00006425	-\$47.60	3.24	-\$14.68
32	\$755,664	-\$0.00006425	-\$48.55	3.37	-\$14.39
33	\$770,777	-\$0.00006425	-\$49.52	3.51	-\$14.12
34	\$786,193	-\$0.00006425	-\$50.51	3.65	-\$13.85
35	\$801,916	-\$0.00006425	-\$51.52	3.79	-\$13.58
36	\$817,955	-\$0.00006425	-\$52.55	3.95	-\$13.32
37	\$834,314	-\$0.00006425	-\$53.60	4.10	-\$13.06

[1] Assumes an inflator of 2% under Proposition 13.

[2] Rate is per \$1 of Assessed Value (Tax Rate divided by \$100,000) and proportionate Cost of Issuance from 20% Pro-Rata Refunding.

[3] Assumes a Discount Rate of 4.00%.



Assuming a 10% Pro-Rata Reduction

Aggregate Summary Table of Property Tax

Benefit/Detriment to Existing Homeowner	Aggregate Nominal Dollar Amount	Aggregate Net Present Value Dollar Amount
Increase/Decrease in Property Tax for Homeowner of 5 Years	\$131.11	\$121.22
Increase/Decrease in Property Tax for Homeowner of 10 Years	\$275.87	\$231.22
Increase/Decrease in Property Tax for Homeowner of 18 Years	\$539.47	\$386.45
Increase/Decrease in Property Tax for Homeowner of 30 Years	\$36.09	\$186.20
Increase/Decrease in Property Tax for Homeowner of 31 Years	-\$11.51	\$171.53
Increase/Decrease in Property Tax for Homeowner of 37 Years	-\$317.78	\$89.21